

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 AGR-05

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-01 CEA-01 L-02 PRS-01 PA-01

SAM-01 SAJ-01 IGA-01 /083 W
----- 092400

O 280755Z FEB 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC NIACT IMMEDIATE 1889

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E.O. 11652: N/A

TAGS: EAID, PO

SUBJ: PRESS RELEASE ON A.I.D. AGREEMENTS

REF: OKUN-LUKENS TELCON OF FEB. 27

1. WE FIND PROPOSED TEXT OF PRESS RELEASE UNSATISFACTORY BECAUSE IT GIVES IMPRESSION U.S. INTENDS PROVIDE ONLY PALTRY ASSISTANCE TO PORTUGAL. ANTI-U.S. ELEMENTS HERE WOULD DISTORT THIS ANNOUNCEMENT TO DERIDE OUR EFFORTS. IF ANNOUNCEMENT IS TO MAKE REAL IMPACT ON PUBLIC AND AVOID AFOREMENTIONED PITFALL, IT MUST BE COUNCHED IN CONTEXT OF TOTAL U.S. ASSISTANCE AUTHORIZED AS OF FEBRUARY 28,; I.E. DOLS 750 THOUSAND GRANT, DOLS 1 MILLION LOAN, DOLS 8.25 MILLION HOUSING LOAN, AND DOLS 20 MILLION HOUSING INVESTMENT GUARANTEE.

2. WE SUGGEST FOLLOWING TEXT FOR WHICH WE NEED IMMEDIATE APPROVAL: "REPRESENTATIVES OF USG AND GOP TODAY SIGNED TWO AGREEMENTS ON ECONOMIC COOPERATION WITH PORTUGAL. THEY ARE THE FIRST ELEMENTS OF A DOLS 30 MILLION PROGRAM WHICH WILL BE UTILIZED IN SUCH FIELD AS HOUSING, EDUCATION, HEALTH, AND
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AGRICULTURE.

"AMBASSADOR CARLUCCI SIGNED ON BEHALF OF USG AND (NOT YET DETERMINED) SIGNED ON BEHALF OF THE GOP.

"THE FIRST OF THE AGREEMENTS SIGNED TODAY IS A LOAN FOR DOLS 1 MILLION TO BE USED FOR FEASIBILITY STUDIES AND CONSULTATION SERVICES IN THE FIELDS OF FOOD AND NUTRITION, EDUCATION AND HUMAN RESOURCES, TRANSPORTATION, POWER AND INDUSTRY, AND URBAN DEVELOPMENT. THE STUDIES ARE EXPECTED TO LEAD TO DEVELOPMENT PROGRAM IN THESE FIELDS WHICH WOULD BE FINANCED FROM INTERNAL SOURCES, INTERNATIONAL AGENCIES, OR THROUGH BILATERAL ARRANGEMENTS, INCLUDING POSSIBLY THE U.S.

"THE SECOND AGREEMENT SIGNED IS A GRANT OF DOLS 750,000 WHICH IS BEING MADE BY A.I.D. TO PAY FOR TECHNICAL CONSULTATION AND TRAINING PROGRAMS, ESPECIALLY IN THE FIELD OF HOUSING. APPROXIMATELY DOLS 250,000 OF THE GRANT IS TO BE USED IN HOUSING CATEGORY IN ORDER TO BEING A MAJOR EFFORT TO PROVIDE LOW-COST HOMES FOR LOW AND MIDDLE INCOME PORTUGUESE CITIZENS. THE LOAN WILL BE REPAYABLE IN 25 YEARS, WITH AN INITIAL GRACE PERIOD OF 5 YEARS DURING WHICH NO REPAYMENT OF PRINCIPAL IS DUE. INTEREST OF 5 PER CENT WILL BE PAYABLE THROUGHOUT LIFE OF LOAN.

" IN ADDITION TO THE FOREGOING, A HOUSING INVESTMENT GUARANTEE FOR DOLS 20 MILLION AND A LOAN OF DOLS 8.25 MILLION FOR LOW-COST HOUSING HAVE BEEN APPROVED AND WILL BE THE SUBJECT OF SUBSEQUENT AGREEMENTS."

3. REQUEST REPLY ASAP.
CARLUCCI

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